

**STATE OF ILLINOIS**  
**ILLINOIS COMMERCE COMMISSION**

**Union Electric Company (AmerenUE)**

**Request pursuant to Section 6-102 of the Illinois Public Utilities Act for an order authorizing Union Electric Company (AmerenUE) to incur an indebtedness by undertaking the obligation to pay the principal, interest and redemption premium, if any, on up to \$185,000,000 principal amount of Senior Secured Notes for the purpose of refunding, redeeming and/or refinancing outstanding evidences of indebtedness**

**02-0612**

**DRAFT AMENDED ORDER**

By the Commission:

**I. INTRODUCTION**

On February 28, 2003, Union Electric Company d/b/a AmerenUE ("UE") filed a verified Petition to Reopen Docket No. 02-0612, Request for Amended Relief and Request for Expedited Treatment (the "Petition") with the Illinois Commerce Commission ("Commission") with respect to an Informational Statement filed on September 23, 2002, pursuant to Section 6-102(d) of the Public Utilities Act ("Act"), 220 ILCS 5/1-101 et seq. The Informational Statement related to a proposed issuance of up to \$185,000,000 aggregate principal amount of Senior Notes ("Notes") by UE for the purpose of refunding, redeeming, and/or refinancing outstanding evidences of indebtedness. On October 1, 2002, the Commission issued its Order authorizing, among other things, the proposed issuance of the Notes for the purposes described in the Informational Statement. On March 3, 2003, Commission Staff ("Staff") filed an Answer to the Petition. In its

Answer, Staff recommended that the Commission enter an Amended Order granting the relief sought in the Petition and authorizing the issuance pursuant to Section 6-102(d) of the Act. No hearings were held in this matter. There are no contested issues.

## **II. UE's PETITION**

In its Informational Statement filed September 23, 2002 with the Commission, UE proposed that it would use: (1) \$104,000,000 of the proceeds from the sale of the Notes to refund through redemption its \$104,000,000 8.25% first mortgage bonds due October 15, 2022; (2) \$75,000,000 of the proceeds from the sale of the Notes to retire and refinance its \$75,000,000 8.33% first mortgage bonds which were to mature December 16, 2002; and (3) the remaining \$6,000,000 of the proceeds for related redemption premiums and expenses. UE calculated the fee required under Section 6-108 of the Act based on the \$6,000,000 remaining proceeds, since \$179,000,000 of the \$185,000,000 proceeds were to be used to refund the principal amount of long-term debt, as to which the required fees had already been paid to the Commission.

On October 1, 2002, the Commission issued its Order authorizing, among other things, the proposed issuance of the Notes for the purposes described in the Informational Statement and that UE pay a fee in the amount of \$470.40 in accordance with Section 6-108 of the Act. On October 9, 2002, the Commission issued its Receipt No. 65178 showing receipt of UE's payment of the \$470.40 fee.

The February 28, 2003 Petition stated that due to market conditions, UE's proposed issuance of Notes was delayed. UE now presently intends to proceed promptly with the proposed issuance of Notes. However, since the \$75,000,000 8.33% first mortgage bonds matured on December 16, 2002, UE paid those matured bonds by issuing short-term debt. As a result, the

proposed use of \$75,000,000 of the proceeds now is to repay the short-term debt incurred to pay at maturity the \$75,000,000 8.33% first mortgage bonds, rather than the repayment of long-term debt as described in the Informational Statement. The use of the remaining proceeds is to continue as described in the Informational Statement and as authorized in the Commission's October 1, 2002 Order.

Also, as a result of the proposed revised use of proceeds, the Petition stated that UE's fee calculation pursuant to Section 6-108 of the Act needs to be recalculated so as to reflect the repayment of short-term debt of \$75,000,000. For purposes of the fee calculation, as of December 31, 2002, UE's property situated in the State of Illinois constitutes 3.25% of its total property wherever situated.

The Petition stated that, other than as described above, the terms and conditions of UE's Informational Statement filed on September 23, 2002 are unchanged. As such, according to the Petition, the proposed issuance and sale of the Notes continue to be not subject to subsection (b) of Section 6-102 of the Act.

### **III. STAFF'S ANSWER**

Staff reviewed UE's Petition and Article VI of the Act and recommends that UE's requested amended relief be granted. Staff concludes that UE's proposal, as amended, is not subject to Section 6-102(b) since, as UE explains, 90% or more of the proceeds will continue to be used to refund outstanding evidences of indebtedness.

Staff reports that UE's proposal, as amended, is subject to Section 6-108. Staff states that no fee, however, is required in connection with \$104,000,000 of the proposed issuance since the proceeds will be used for the purpose of refunding or refinancing outstanding debt for which a fee

was previously paid. Staff indicates that UE previously paid a fee in the amount of \$470.40 with regard to \$6,000,000 of the proceeds. With respect to the remaining \$75,000,000 of the proceeds, Staff states that UE should be required to pay an amount equal to 20 cents for every \$100 of the \$75,000,000 principal amount of Notes authorized by the Commission to be applied to the purpose of paying costs incurred to effectuate the transaction, prorated by the percentage of UE's property situated in Illinois. Staff agrees that as of December 31, 2002, 3.25% of UE's total property was situated in Illinois. Staff concludes that the resulting additional required fee of \$ should be paid no later than 30 days after service of the Commission order authorizing the issuance of the Notes.

#### **IV. FINDINGS AND ORDERING PARAGRAPHS**

The Commission, having considered the entire record and being fully advised in the premises, is of the opinion and finds that:

- (1) UE is a corporation engaged in the sale and distribution of electricity in Illinois and, as such, is a public utility within the meaning of the Act;
- (2) the Commission has jurisdiction over UE and the subject matter of this proceeding;
- (3) the recitals of fact set forth in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact;
- (4) UE's proposed issuance of up to \$185,000,000 aggregate principal amount of Notes, the proceeds of which are to be applied to refunding, redeeming, and/or refinancing outstanding evidences of indebtedness, as described herein, is not subject to the provisions of Section 6-102(b), and should be approved in accordance with Section 6-102(d);

- (5) the funds to be obtained from the issuance of the Notes are reasonably required for the purposes described herein;
- (6) in accordance with Section 6-101 of the Act, and as provided in the Commission's Order dated October 1, 2002, UE should, before issuance of the Notes described herein, cause the following identification number to be placed on the face of such securities: Ill. C.C. No. 6247;
- (7) As provided in the Commission's October 1, 2002 Order, UE should comply with the reporting requirements of 83 Ill. Adm. Code 240; and
- (8) UE should pay an additional fee in the amount of \$\_\_\_\_\_ in accordance with Section 6-108 of the Act.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that UE's Petition to Reopen Docket No. 02-0612, Request for Amended Relief and Request for Expedited Treatment with respect to an Informational Statement filed on September 23, 2002 is hereby granted.

IT IS FURTHER ORDERED by the Illinois Commerce Commission that the proposed issuance by Union Electric Company d/b/a AmerenUE of up to \$185,000,000 aggregate principal amount of Senior Notes in one series, the proceeds of which shall be applied to refunding, redeeming, and/or refinancing outstanding evidences of indebtedness, as described herein, is not subject to the provisions of Section 6-102(b) of the Act and is hereby approved in accordance with Section 6-102(d) of the Act.

IT IS FURTHER ORDERED that Union Electric Company d/b/a AmerenUE shall comply with Findings (6) through (8) of this Order.

IT IS FURTHER ORDERED that, subject to the provisions of Section 10-113 of the Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By order of the Commission this 4<sup>th</sup> day of March, 2003.

Chairman